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FARM LABOR CONTRACTOR CHARGED WITH FRAUD

SACRAMENTO--United States Attorney McGregor W. Scott announced today that a federal grand jury returned an indictment charging MOHAMMAD RAMZAN "JOHNNY" GORSI, 31, of Live Oak, California, with eight counts of mail fraud in connection with his alleged scheme to defraud workers' compensation insurance carriers, the California Franchise Tax Board, and the California Employment Development Department by submitting false documents to these agencies to avoid the payment of insurance premiums and taxes. GORSI was a licensed farm labor contractor who hired workers and contracted their services to farms throughout the Sacramento Valley. GORSI was responsible for obtaining workers' compensation insurance for his workers and for paying all applicable income, payroll, and employment taxes associated with this business.

This case is the product of a joint investigation by the California Employment Development Department - Investigation Division, the California Franchise Tax Board - Investigations Bureau, the California Department of Insurance - Fraud Division, and the Sutter County District Attorney's Office's Family Support Division.

According to Assistant United States Attorney Norman Wong, who is prosecuting the case, the indictment alleges that from 1996 through 2000, GORSI submitted false reports to his workers' compensation insurance carriers and to the Employment Development Department, understating the amount of wages he paid to his workers. As a result, GORSI paid \$138,070 less in insurance premiums and \$131,592 less in employment taxes than he should have paid. In addition, the indictment alleges that GORSI filed false tax returns with the Franchise Tax Board, understating the income he received from the farms. This resulted in an underpayment of state income taxes by \$81,116.

If convicted, the maximum penalty under federal law for each offense of mail fraud is five years of imprisonment, a \$250,000 fine, and a special assessment of \$100.

The charges are only allegations and the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

A copy of this press release is available at <http://www.usdoj.gov/usao/cae/home>, select Press Releases.

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